

November 12, 2012

**Natural Gas Trends****Highlights****EIA's SHORT TERM ENERGY OUTLOOK**

*According to the Energy Information Administration's (EIA) November 6, 2012 Short-Term Energy Outlook:*

**Spot Prices, Natural Gas.** EIA projects a Henry Hub natural gas average spot price of \$2.77 and \$3.49 per million British thermal units (MMBtu) in 2012 and 2013 respectively. The price per MMBtu averaged \$4.00 in 2011, \$4.39 in 2010, \$3.95 in 2009, and \$8.86 in 2008

**Spot Prices, Crude Oil.** •EIA projects that the West Texas Intermediate (WTI) crude oil price will average \$89 per barrel in the fourth quarter of 2012, about \$4 per barrel lower than in last month's Outlook, while the Brent crude oil price is expected to average about \$1 per barrel less than in last month's forecast at about \$110 per barrel over the same period. The projected WTI discount to Brent crude oil, which averaged \$22 per barrel in October 2012, falls to an average of \$11 per barrel in the fourth quarter of 2013. WTI crude oil is forecasted to average \$88 per barrel in 2013, while the Brent crude oil forecast remains unchanged at \$103 per barrel.

**Gasoline Prices.** •U.S. regular gasoline retail prices began October 2012 at \$3.80 per gallon and fell to \$3.49 per gallon on November 5, 2012. Projected U.S. regular gasoline retail prices average \$3.56 per gallon during the fourth quarter of 2012. Hurricane Sandy, however, has contributed to higher wholesale gasoline prices on the East Coast, and the recovery schedule for

affected refineries, pipelines, and distribution terminals contributes to uncertainty over the near-term price outlook. EIA expects regular gasoline retail prices, which

•EIA expects U.S. total crude oil production to average 6.3 million barrels per day (bbl/d) in 2012, an increase of 0.7 million bbl/d from last year. Projected U.S. domestic crude oil production increases to 6.8 million bbl/d in 2013, the highest level of production since 1993.

averaged \$3.53 per gallon in 2011, to average \$3.64 per gallon in 2012 and \$3.44 per gallon in 2013

Source: <http://www.eia.gov/forecasts/steo/index.cfm>

**Data**

- November Natural Gas Futures Contract (as of Nov. 9), NYMEX at Henry Hub closed at \$3.503 per million British thermal units (MMBtu)
- November Light, Sweet Crude Oil Futures Contract (as of Nov. 9), NYMEX at Cushing closed at \$86.07 per U.S. oil barrel (Bbl.) or approximately \$13.71 per MMBtu

**Last week: U.S. cooler than normal**

For the week beginning 11/04/12 and ending 11/10/12, heating degree days (HDD) were lower than normal for Texas and higher than normal for the U.S. For the heating season (1/1/12 to 12/31/12), cumulative heating degree days were 2% below normal for the U.S..

Source: [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

HEATING DEGREE DAYS (HDD)				
City or Region	Total HDD for week ending 11/09/12	*Week HDD + / - from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	30	-86	311	-32%
Austin	3	-31	72	-999%
DFW	8	-46	106	-16%
El Paso	12	-58	58	-70%
Houston	1	-31	41	-999%
SAT	0	-32	55	-999%
Texas**	16	-28	105	-17%
U.S.**	90	8	378	-2%

\* A minus (-) value is warmer than normal; a plus (+) value is cooler than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDDs are calculated.  
\*\* State and U.S. degree days are population-weighted by NOAA.

-999 = Normal Less Than 100 or Ratio Incalculable

**Last week: U.S. natural gas storage at 3,929 Bcf**

For the week ending 11/2/2012 working gas in storage increased from 3,908 Bcf to 3,929 Bcf. This represents a net increase of 21 Bcf from the previous week.. Stocks were 54 Bcf higher than last year at this time and 244 Bcf above the 5-year average of 3,685 Bcf.

Source: <http://ir.eia.gov/ngs/ngs.html>

U.S. WORKING GAS IN STORAGE				
Region	Week ending 11/2/12	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	2,096	2,091	5	1.8%
West	548	540	8	10.7%
Producing	1,285	1,277	8	13.5%
Lower 48 Total	3,929	3,908	21	6.6%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

## Last week: U.S. gas rig count down 11

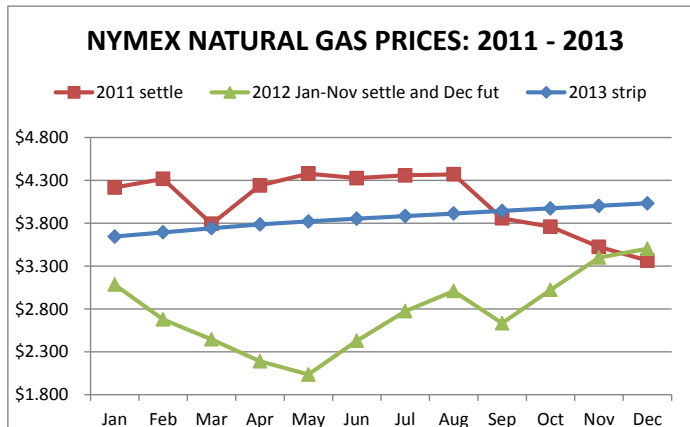
The gas rig count for the U.S. was down 11 when compared to the prior week and down 464 when compared to 12 months ago. The total rig count for the U.S. was up 6 for the week and down 210 when compared to 12 months ago. The total rig count includes both oil and natural gas rotary rigs.

Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 11/9/2012	+/- prior week	Year ago	+/- year ago
Texas	852	12	916	-64
U.S. gas	413	-11	877	-464
U.S. oil	1389	16	1133	256
U.S. total	1806	6	2016	-210
Canada	370	-13	500	-130

Numbers are excerpted and not meant to be totaled

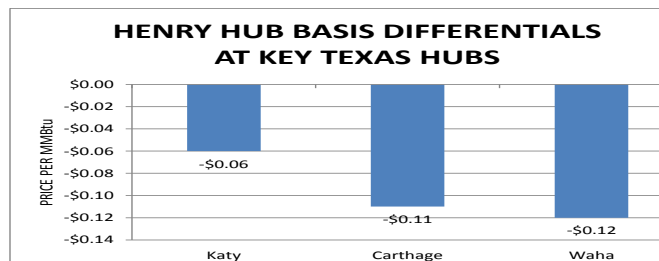
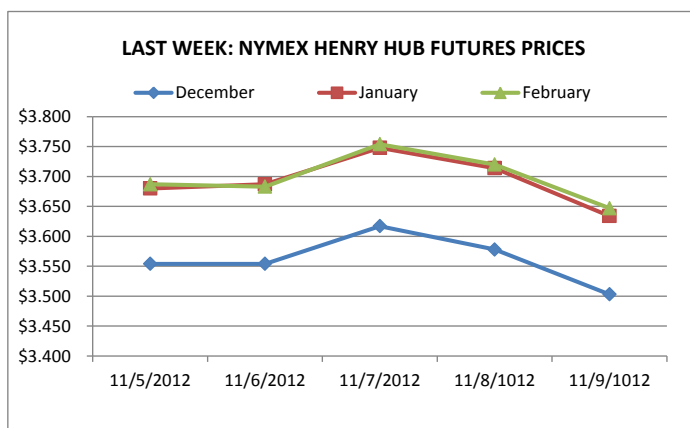
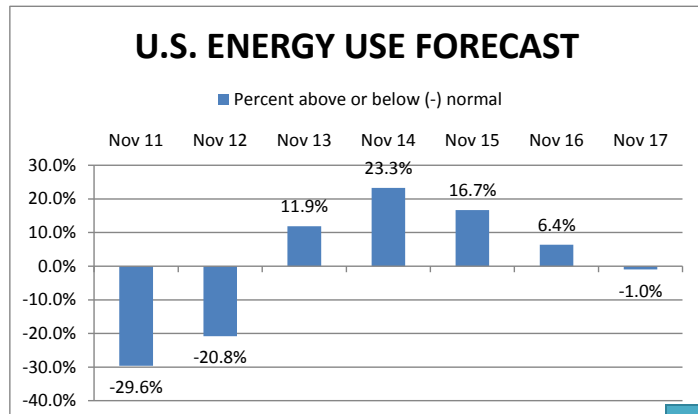
**Strip prices.** Natural gas strip prices for 2013, shown below in blue, are the average of daily settlement prices for the next twelve months of natural gas futures contracts.



## This week: U.S. energy use variable

U.S. energy use is well below normal early in the week of November 11. However, use rebounds mid-week. According to the Dominion Energy Index, as shown below, Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



## NATURAL GAS PRICE SUMMARY AS OF 11/9/2012

This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
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US November futures

NYMEX	\$3.503	-\$0.051	-\$0.256	\$3.511
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